



**STUDENT ID NO**

# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 3, 2018/2019

# **BAC1044 – PRINCIPLES OF ACCOUNTING**

**(All Sections/ Groups)**

29 MAY 2019  
9:00 A.M – 11:00 A.M  
(2 Hours)

## **INSTRUCTIONS TO STUDENT**

1. This question paper consists of 6 pages with 4 questions.
2. Answer **ALL** questions.
3. Write your answers in the answer booklet provided.

**QUESTION 1****Part A**

Listed below are the transactions for Rosenborg Enterprise:

1. Made cash investment to start the business.
2. Paid for monthly advertising.
3. Purchased supplies on account.
4. Billed customers for services performed.
5. Paid cash dividends.
6. Received cash from customers billed in (4).
7. Incurred utilities expense on account.
8. Purchased office equipment for cash.
9. Paid cash for salary expense.
10. Paid utilities expense on account in (7).

**Required:**

List the account's name for each transaction above. For example: (1) Cash, Capital.

(10 marks)

**Part B**

Selected transactions for Photobook Worldwide Enterprise in its first month of business, are as follows:

June 1	Issued ordinary shares in exchange for RM180,000 cash.
5	Purchased three photobook printing machines for RM400,000 by paying RM100,000 cash and signing a 5-year, 10% note for the remainder.
8	Purchased RM10,000 office supplies on credit.
10	Earned photobook revenue amounted to RM14,000 by cash.
13	Paid RM6,000 cash for advertising.
17	Paid RM2,400 cash for office supplies purchased in January 8.
20	Paid cash dividends of RM30,000 to the shareholders.
25	Paid RM2,400 cash for rental expenses.
28	Received RM4,000 cash in advance from a customer for future photobook printing services.
29	Billed a customer for RM900 for photobook work done.

**Required:**

Prepare journal entries for the transactions above.

(10 marks)

**Continued...**

**Part C**

Presented below is a list of costs and expenses incurred in the factory by Amber Gemstone Berhad, a manufacturer of amber stones.

1. Property taxes on the factory land
2. Polish liquid used in cleaning amber stones
3. Stone maker's wages
4. Factory supervisors' salaries
5. Selecting grade of amber stones to be used in production
6. Depreciation on factory machines
7. Factory utilities
8. Rose gold plated materials to produce amber jewelleries
9. Property taxes on the factory building
10. Insurance on factory equipment

**Required:**

Identify whether each of the above items is classified as a direct material, direct labour or manufacturing overhead. (5 marks)

**[TOTAL 25 MARKS]**

**QUESTION 2****Part A**

Given below is the Trial Balance for Phalaenopsis Berhad as at 31 December 2018.

<b>Phalaenopsis Berhad</b> <b>Trial Balance</b> <b>31 December 2018</b>		
<b>Account Title</b>	<b>Debit (RM)</b>	<b>Credit (RM)</b>
Cash	757,400	
Accounts Receivable	332,900	
Supplies	130,000	
Prepaid Insurance	296,000	
Office Equipment	100,000	
Accumulated Depreciation – Office Equipment		5,000
Office Car	250,000	
Accumulated Depreciation – Office Car		25,000
Accounts Payable		234,900
Unearned Service Revenue		333,400
Ordinary Share Capital		900,000
Retained Earnings (1 January)		250,000

**Continued...**

Service Revenue		290,700
Salaries and Wages Expense	58,800	
Rent Expense	86,700	
Utilities Expense	27,200	
<b>Total</b>	<b>2,039,000</b>	<b>2,039,000</b>

Additional information:

1. A count of supplies as at 31 December 2018 indicated that supplies of RM50,000 has been used.
2. Insurance expired at RM4,800 per year.
3. The company noticed that RM42,000 of unearned service revenue has been earned as at 31 December 2018.
4. Depreciation for the year to be computed as follows:
  - a. Office equipment is 5% using straight line method.
  - b. Office car is 10% using straight line method.

**Required:**

(a) Prepare the Adjusted Trial Balance for the accounting period. (10 marks)  
 (b) Prepare the Statement of Profit or Loss for the accounting period. (5 marks)  
 Show all your workings.

**Part B**

Listed below is the list of account balances for Fern Forest Berhad at the end of year 2017 & 2018.

Accounts	31 Dec 2018 (RM)	31 Dec 2017 (RM)
Cash	66,000	20,000
Accounts Receivable	36,000	28,000
Inventories	50,000	36,000
Prepaid Insurance	12,000	18,000
Office Equipment	120,000	64,000
Accumulated Depreciation – Office Equipment	40,000	28,000
Long-term Investments	0	36,000
Ordinary Share Capital	80,000	46,000
Retained Earnings	56,000	20,000
Bonds Payable	74,000	94,000
Accounts Payable	34,000	14,000

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Additional information:

1. Sales and expenses for the year ending 31 December 2018 were RM240,000 and RM174,000 respectively.
2. The company sold the long-term investments for RM28,000.
3. Dividends were declared and paid during the year for RM30,000 by cash.

**Required:**

Prepare a statement of cash flows for the year ended 31 December 2018 using the indirect method. Show all your workings. (10 marks)

[TOTAL 25 MARKS]

**QUESTION 3**

**Part A**

Given below are selected account balances of Galae Manufacturing Berhad for the year 2018:

	1 January 2018	31 December 2018
	RM	RM
Finished Goods Inventory	30,000	34,000
Work in Process Inventory	44,000	42,000
Raw Materials Inventory	26,000	38,000
Sales		760,000
Direct Factory Labour		86,000
Factory Supervisory Salaries		34,000
Income Tax Expense		64,000
Factory Insurance		36,000
Raw Material Purchases		186,000
Administrative Expenses		24,000
Sales Returns and Allowances		6,000
Factory Depreciation		16,000
Indirect Factory Labour		28,000
Selling Expenses		88,000

**Required:**

- (a) Prepare a Schedule of Cost of Goods Manufactured for the accounting period. (10 marks)
- (b) Compute cost of goods sold for the accounting period. (3 marks)
- (c) Compute net profit for the accounting period. (6 marks)

**Continued...**

**Part B**

For each item listed below, indicate whether the item would be considered a product cost or a period cost for a manufacturing company.

1. Factory supervisory salaries	4. Office salaries expense
2. Indirect materials used	5. Sales manager's salary
3. Indirect labor	6. Factory wages expense

(6 marks)

**[TOTAL 25 MARKS]****QUESTION 4****Part A**

A comparative Statement of Financial Position for Singha Berhad appears below.

<b>Singha Berhad</b> <b>Statement of Financial Position as at 31 December</b>		
	<b>2018</b> <b>(RM)</b>	<b>2017</b> <b>(RM)</b>
<b>Assets</b>		
Current Assets	320,000	328,000
Property, Plant and Equipment (net)	400,000	382,000
Intangible Assets	250,000	280,000
Total Assets	<b>970,000</b>	<b>990,000</b>
<b>Liabilities</b>		
Current Liabilities	261,000	275,400
Long-term Liabilities	480,000	494,000
<b>Stockholders' Equity</b>	229,000	220,600
Total Liabilities and Stockholders' Equity	<b>970,000</b>	<b>990,000</b>

**Required:**

(a) Prepare a horizontal analysis by using 2017 data as a base. (8 marks)  
 (b) Compute current ratio for both years. (2 marks)

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**Part B**

Coastal Sugar Factory gathered the following information on power costs and factory machine usage for the last six months:

Month	Power Cost (RM)	Factory Machine Hours (RM)
January	24,400	13,900
February	30,400	17,600
March	29,000	16,800
April	22,340	13,200
May	19,900	11,600
June	16,900	8,600

**Required:**

Using the high-low method of analyzing costs, answer the following questions and show computations to support your answers.

- (a) What is the estimated variable portion of power costs per factory machine hour? (5 marks)
- (b) What is the estimated fixed power cost each month? (6 marks)
- (c) If it is estimated that 10,000 factory machine hours will be run in July, what is the expected total power cost for July? (4 marks)

[TOTAL 25 MARKS]

**End of page.**